THE MINISTER OF STATE IN THE MINISTRY OF FINANCE, (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (c) The Enforcement Directorate is aware of the factors giving rise to the hawala trade, as enumerated in the news-item. All measures envisaged under te law are taken to check the menace of hawala trade.

**Black money laundered via gift from NRIs**

236. SHRI G. Y. KRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news item captioned "Rs. 10,000 cr. laundered via gifts from non-residents" appearing the Business Standard, New Delhi dated the 31st January, 1995;

(b) if so, the *modus operandi* of this racket:

(c) what effective steps Government have taken or propose to take to stop this thriving racket in gifts from non-resident Indians; and

(d) whether his Ministry has any idea about the extent of black money laundered via gifts from non-residents; if so, the details thereof and the action taken or proposed to be taken against the middlemen and beneficiaries involved in this racket?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Yes Sir.

(b) to (d) Foreign Exchange deposited in the Non-resident External (NRE) Accounts held by Non-resident Indians (NRIs) with authorised dealers in India were distributed to a number of persons in India by the agents of the said NRIs at a premium in violation of the provisions of the Foreign Exchange Regulation Act (FERA). Investigations have bee made in respect of 158 NRE. accoun involving an amount of Rs. 120 cr res. Actions as envisaged in la are being taken against the agents the NRIs and the recipients of t gifts. Enforcement Directorate keeping a close vigil on these NR accounts and taking every possib action to prevent their misuse.

**Setting up of foreign banks in rural are**

237. SHRI PASUMPON THAK RUTTINAN: Will the Minister FINANCE be pleased to state:

(a) the names of foreign banks lowed to operate in India under t liberalisation programme of Gover ment, with their headquarters India and abroad with postal a dresses in each case:

(b) whether the foreign banks ha any obligation to open their bra ches in the rural areas so as to he the upliftment of the rural poor;

(c) if so, the number of such bra ches, bank-wise: and

(d) if reply to part (b) above be the negative, why these banks ha been allowed to function in the ban areas only which puts them an advantageous position over t Indian banks?

THE MINISTER OF STATE IN T MINISTRY OF FINANCE (SHRI V CHANDRASHEKHAR MURTH (a) Names of the foreign banks alo with their head offices in India a abroad, who have been allowed Reserve Bank of India (RBI) so far operate in India after 1991 are giv in the statement (*See* below).

(b) No, Sir.

(c) Does not arise.